

VZCZCXYZ0001
RR RUEHWEB

DE RUEHMU #0602/01 1682206
ZNR UUUUU ZZH
R 172206Z JUN 09
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 4257
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000602

STATE FOR WHA/CEN, EB/IFD/OIA, AND L/CID
STATE FOR H/RGF AND WHA/PPC
STATE ALSO FOR WHA/EPSC
STATE PASS TO USTR
TREASURY FOR INL AND OWH

SIPDIS
SENSITIVE

E.O. 12958: N/A
TAGS: [ENV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)
SUBJECT: NICARAGUA GOVERNMENT ATTACKS SECTION 527 PROPERTY CLAIMS RESOLUTION PROCESS

REFS: A) 08 MANAGUA 1414, B) 08 MANAGUA 1546, C) MANAGUA (537), D) MANAGUA (580), E) MANAGUA 599

SUMMARY

¶1. (SBU) President Daniel Ortega has announced plans to send a delegation to Washington to discuss Nicaragua's Section 527 (of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995) property claims resolution process with members of Congress. Ortega complained that compensating U.S. claimants was an illegal, unjust debt for an impoverished country. Attorney General Hernan Estrada accused the Ambassador of blackmail and alleged that many U.S. citizen claimants were Somoza allies and former members of the National Guard who do not deserve compensation. The visit (should it actually go forward) appears to be an effort to demonstrate to the Nicaraguan public that the government is taking proactive steps to help Nicaragua receive a Section 527 waiver and keep much needed bilateral and multilateral aid flowing. End Summary.

ORTEGA ATTACKS SECTION 527 PROCESS

¶2. (U) On June 12, President Daniel Ortega announced that Attorney General Hernan Estrada would lead a delegation to Washington to discuss Nicaragua's Section 527 property claims resolution process with members of Congress. He said the delegation would present information regarding Nicaragua's efforts to resolve U.S. citizen claims and ask Congress to amend Section 527. Ortega claimed that the majority of U.S. citizen claimants were Nicaraguans at the time of confiscation from 1979-1990 and that they worked for the Somoza family. He complained that compensating U.S. claimants was an illegal, unjust debt for an impoverished country.

ESTRADA ACCUSES THE AMBASSADOR OF BLACKMAIL

¶3. (SBU) During a television interview on June 10, Attorney General Estrada accused the Ambassador of not complying with Section 527 (Ref A). He read a paragraph of official correspondence signed by the Ambassador on June 5 which stated that our Section 527 claims list is always subject to review. Estrada took offense at that statement and accused the Ambassador of using blackmail to resolve U.S. citizen claims. Estrada said that Nicaragua could no longer allow the Section 527 waiver to be used to damage its national sovereignty. [Note: Estrada did not read the rest of the Ambassador's letter explaining why our list of claims is always subject to review. For example, we have learned that some claims we considered fully resolved have only been partially resolved. Some claimants have received compensation for only part of their land. In some instances, squatters remain on claimants' property even after it was returned to them by the Nicaraguan Government. Many other claimants need the government to issue property titles and other important documents to finalize their claims. End Note.]

ESTRADA DEFENDS DECREES 3 AND 38 DISMISSALS

¶4. (U) Estrada claimed that there are over 190 U.S. claims on the Section 527 list that fall under Decrees 3 (1979) and 38 (1979), which authorized the confiscation of property belonging to Somoza family members, former members of the National Guard, and "their allies" (Ref B). He said the United States should respect these decrees as they are Nicaraguan law. He added that the USG and GON should work together on U.S. property claims based on mutual respect for each country's laws.

AMBASSADOR RESPONDS TO ESTRADA'S ATTACKS

¶5. (U) During his June 11 press conference on the termination of the Millennium Challenge Corporation (Ref B), the Ambassador expressed his su

COMMENT

¶6. (SBU) The GON wants to show its public that it is taking proactive steps to receive a Section 527 waiver to protect much needed bilateral s

CALLAHAN